

Message Text

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ORIGIN AGR-08

INFO OCT-01 EUR-12 ISO-00 SWF-01 EB-04 AID-05 L-02 CIAE-00

COME-00 FRB-01 INR-05 NSAE-00 RSC-01 TRSE-00 XMB-02

OPIC-03 SP-02 CIEP-01 LAB-01 SIL-01 OMB-01 INRE-00

/051 R

66607

DRAFTED BY: FAS:PL 480:AMEAD

APPROVED BY EB/ORF/OFP/FFD:RESERVICE

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FM SECSTATE WASHDC

TO AMEMBASSY ROME IMMEDIATE

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E.O. 11652: N/A

TAGS: EAGR, EAID

SUBJECT: PROJECTED PL 480 SHIPMENTS, FY 1975

FOR SECRETARY BUTZ FROM GOODMAN, FAS

1. FOLLOWING TABLE REPRESENTS COMMODITY AMOUNTS WHICH WE
ESTIMATE COULD BE SHIPPED FY 75, WITH TOTAL PROGRAM LIMITATION
SET DOLS 996 MILLION (891 MILLION COMMODITY, 105 OCEAN TRANSPORTA-
TION COSTS). THESE AMOUNTS BASED ON CURRENT PRICE ESTIMATES
AS FOLLOWS:

WHEAT/PRODUCTS: DOLS 201/METRIC TON (\$195/METRIC TON BULK
WHEAT)

RICE: \$425/MT

CORN/GRAIN SORGHUM/PRUDICTS: DOLS 176 MT (EST. ACTUAL WEIGHTED
AVERAGE)

SOYBEAN OIL: \$1,051/MT (EST. ACTUAL AVERAGE)

COTTON: \$250/BALE; \$2,756/MT FOR YARN

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TOBACCO: \$2,756/MT

TABLE ASSUMES WE CONTINUE TO HOLD TO CURRENT NON-FOOD PROGRAM
 PROJECTION OF 100,000 BALES COTTON/COTTON EQUIVALENT OF YARN,
 AND \$30 MILLION TOBACCO.

2. ALL VALUE FIGURES SHOWN BELOW ARE IN MILLIONS OF DOLLARS.

COMMODITY	TITLE I 000 MT	\$	TITLE II 000 MT	\$	TOTAL 000 MT	\$
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WHEAT PRODUCTS	1,343.0	\$261.9	540.6	\$116.2	1,883.6	\$378.1
EDGRAIN PROD (AS FOOD)	14.5	2.0	303.0	54.0	317.5	56.0
	(- -)	(303.0	54.0)	(303.0	54.0)	
(AS FEED)	(14.5	2.0)	(- -)	(14.5	2.0)	

RICE	847.5	360.2	0.5	0 2	848.0	360.4
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VEG OIL	16.3	14.8	31.4	35.3	47.7	50.1
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COTTON/PRODUCTS

(BALES)	100.0	27.6	-	-	100.0	27.6
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TOBACCO	10.9	30.0	-	-	10.9	30.0
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TOTAL COMMODITY	696.5		205.7		902.2	
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ESTIMATED OCEAN

TRANSPORTATION	20.3		73.5		93.8	
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TOTAL PROGRAM VALUE	716.8		279.2		996.0	
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3. IN CONSTRUCTING THESE ESTIMATES WE HAVE USED MINIMUM WHEAT FIGURE OF 1.831 MILLION TONS AND MINIMUM RICE FIGURE OF 491 THOUSAND TONS SINCE WE PRESENTLY ARE COMMITTED TO THESE LEVELS UNDER THE DOLS 654 MILLION COMMODITY COST LIMIT AGREED TO FOR NEGOTIATION THROUGH 12/31/74 WITH SHIPMENTS RUNNING WELL INTO CY 1975. (BELL HAS TABLE COMPARABLE TO DOLS 654 MILLION).
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WE HAVE USED CLOSE TO ACTUAL COSTS IN THE CASE OF FEED GRAINS AND VEG OIL SINCE MOST OF WHAT WE CURRENTLY PLAN FOR THE ENTRIE YEAR IS ALREADY ORDERED FORWARD.

NOTE THAT RICE PRICE INCREASED FROM DOLS 360 PER TON TO DOLS 425 PER TON SINCE OPEC AND OTHER DOLLAR BUSINESS HAS STRENGTHENED MARKET. ALSO WE HAVE AUTHORIZED ONLY 125,000 MT OF RICE SO FAR

OF WHICH ONLY 75,000 MT PURCHASED.

4. SINCE SMALLER AMOUNTS WOULD BE SHIPPED THAN CONTEMPLATED ORIGINALLY, THE OCEAN TRANSPORTATION COST WOULD BE LESS EVEN THOUGH RATES HAVE INCREASED SINCE BUDGET SUBMITTED. THUS, THE ABOVE TABLE SHOWS DOLS 902.2 MILLION COMMODITY COSTS AND DOLS 93.8 MILLION OCEAN TRANSPORATION COSTS AS AGAINST THE DOLS 891 MILLION AND ABOUT DOLS 105 MILLION IN THE BUDGET PRESENTATION IN PARA ONE.

5. IF NO COTTON OR TOBACCO WERE TO BE SHIPPED ABOVE AMOUNTS ALRADY EXPORTED OR AUTHORIZED FOR PURCHASE, ABOUT DOLS 22.4 MILLION COULD BE REPROGRAMED. THIS WOULD BUY ABOUT 90 THOUSAND MT WHEAT WITH SOME ADJUSTMENT FOR OCEAN FREIGHT.

6. NONFAT DRY MILK - WE EXPECT HAVE AT LEAST 150 MILLION POUNDS AVAILABLE FOR FY 1975 SHIPMENT WITH AN ESTIMATED COST OF DOLS 90 MILLION, VIRTUALLY ALL OF WHICH HAS BEEN SPENT UNDER CCC PROGRAMS. THIS AMOUNT COULD BE SHIPPED UNDER TITLE II WITH ADDITIONAL OCEAN TRANSPORTATION COSTS OF LESS THAN DOLS 10 MILLION. THEREFORE, IF THIS AMOUNT OF MILK IS ACCEPTABLE TO VOLAGS AND THE WORLD FOOD PROGRAM, ADDITONAL PL 480 COST WOULD RUN ABOUT DOLS 100 MILLION, BUT THE NET ADDITIONAL COSTS TO USDA WOULD BE IN NEIGHBORHOOD OF DOLS 10 MILLION.

7. FOLLOWING IS A TABLE SHOWING FIGURES FOR FY 74 COMPARABLE TO THOSE SHOWN PARA 2 ABOVE (DOLLARS IN MILLIONS):

COMMODITY	TITLE I 000 MT	\$	TITLE II 000 MT	\$	TOTAL 000 MT	\$
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WHEAT/PRODUCTS	754.8	\$109.5	723.6	\$142.6	1,478.4	\$252.1
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FEEDGRAIN/PROD	422.6	35.9	702.6	104.3	1,125.2	140.2
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(AS FOOD)	(08	0.2	(702.6	104.3)	(703.4	104.5)
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(AS FEED)	(421.8	35.7)	(-	-)	(421.8	35.7)
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RICE	591.6	317.3	-	-	591.6	317.3
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VEGOIL	68.8	36.2	54.5	36.1	123.3	72.3
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COTTON/PROD.

(BALES)	126.2	38.0	-	-	126.2	38.0
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TOBACCO	10.9	30.5	-	-	10.9	30.5
TOTAL COMMODITY		567.4		283.0		850.4

ESTIMATED OCEAN TRANSPORATION	10.7	101.6	112.3
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TOTAL PROG. VALUE	578.1	384.6	962.7
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Message Attributes

Automatic Decaptoning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: PL 480, COMMODITIES, DATA, PRICES
Control Number: n/a
Copy: SINGLE
Draft Date: 13 NOV 1974
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: cunninfx
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1974STATE250684
Document Source: CORE
Document Unique ID: 00
Drafter: FAS:PL 480:AMEAD
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D740327-1046
From: STATE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1974/newtext/t19741145/aaaabmlv.tel
Line Count: 177
Locator: TEXT ON-LINE, ON MICROFILM
Office: ORIGIN AGR
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 4
Previous Channel Indicators:
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: cunninfx
Review Comment: n/a
Review Content Flags:
Review Date: 23 MAY 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <23 MAY 2002 by ifshinsr>; APPROVED <18 MAR 2003 by cunninfx>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: PROJECTED PL 480 SHIPMENTS, FY 1975 FOR SECRETARY BUTZ FROM GOODMAN, FAS
TAGS: EAGR, EAID
To: ROME
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005